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OCT/PRES,

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13 January 1966

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St/CS/RR

Oil Deliveries in North and South Vietnam

1. North Vietnam receives all of its petroleum supplies from Communist countries, principally the USSR. We have no evidence to indicate that any free world oil enters the DRV.

Imports of petroleum products from the Soviet Bloc and China by the DRV in 1965 amounted to 175,000 tons.

Most of the oil from the USSR is shipped in Soviet tankers. The remainder is shipped by rail through China and to a lesser degree in Soviet cargo ships. All aviation gasoline and jet fuel is supplied by rail from the USSR.

2. In the past few months, there has been an increasingly large movement of supplies, including gasoline, into the southern provinces of North Vietnam. Road watch teams in Laos reported 12 tank trucks on an infiltration route in Laos in December. Some of the gasoline undoubtedly is being used to support the movement of men and supplies through the Laotian panhandle into South Vietnam. In the period 27 December 1965 through 3 January 1966 some 48 cargo trucks per day moved south on one of the newly constructed infiltration routes.

We believe it unlikely that petroleum (as an item of supply) is being moved from North Vietnam to South Vietnam.

3. Viet Cong requirements for petroleum products probably are quite small, and we believe that they acquire their supplies within South Vietnam. They have some vehicles and self-propelled craft as well as some power generators and other power-driven equipment for which they need fuel, however. Known measures

of acquisition include taxation in kind of the contents of petroleum tank trucks, outright seizure of petroleum supplies, and discreet purchase from local gasoline stations in South Vietnam.

4. The Viet Cong levy monetary taxes on internal transportation in wide areas of the country and trucks engaged in moving civilian oil supplies to areas outside of Saigon are also subject to this "tax". In order to avoid contributing directly to the Viet Cong, the major oil importers (Esso, Caltex and Shell) no longer distribute their products in their own trucks, but hire local Vietnamese contractors for this purpose. The movement of oil overland in South Vietnam has been restricted by VC interdiction of roads and some supplies for civil use now are moved by water and air routes.

/s/

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CENTRAL INTELLIGENCE AGENCY
CODEWORD ROUTING SHEET

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REMARKS:

 GROUP I
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 and declassification
APPENDED DOCUMENT CONTAINS CODEWORD MATERIAL

Appended document contains classified information within
 the meaning of Section 798, Title 18, United States Code.

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